

**TESTIMONY PRESENTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
MARCH 17, 2014**

*Benjamin Barnes
Secretary
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Testimony Regarding Senate Bill No. 449

AN ACT CONCERNING THE USE OF CERTAIN REVENUES TO PROVIDE FUNDS FOR THE
BUDGET RESERVE FUND, CAPITAL DEBT PAYMENTS AND PENSION PAYMENTS

Senator Fonfara, Representative Widlitz and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer testimony on Senate Bill No. 449 An Act Concerning The Use Of Certain Revenue To Provide Funds for the Budget Reserve Fund, Capital Debt Payments and Pension Payments.

This bill would encumber annual increases in personal income tax revenue attributable to capital gains, dividends, and interest income and allocate those funds to the budgetary reserve fund, debt service, and pension payments based on a formula.

The bill would reduce budgetary discretion and flexibility. The policy issues this bill is intended to remedy are addressed elsewhere. The existing expenditure cap serves as a reasonable mechanism to control budget volatility. In addition, the Governor has proposed H.B. 5031, which requires unappropriated surplus at the end of each fiscal year to be allocated to the budget reserve fund, long-term obligations, and refunds of taxes.

I respectfully request that the committee take no action on this bill.

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